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JAMAICA

Plan of Action for the Period Beginning June 1, 1963

(Approved by Latin American Policy Committee
May 29, 1963)

A. Basic Approach

Jamaica, although newly independent, has impressive political assets: stable democratic government based on a two party system, responsible political leadership, an impartial even-handed judicial system backed by a traditional respect for law and order, and, a capable professional civil service. The outlook for continued political stability is clouded, however, by a decline in the rate of economic growth accompanied by high unemployment resulting from a rapid increase in the population and reductions in emigration opportunities.

Externally, the country has openly aligned itself with the West and, although a member of the British Commonwealth, has tended increasingly to look to the United States rather than the United Kingdom for protection and assistance.

Basic factors conditioning United States policy towards Jamaica are (1) the island's strategic location, (2) its position as the world's largest bauxite producer, and (3) the desirability of supporting and strengthening the country's present political stability and pro-Western orientation especially during the critical early years of independence.

B. The Present Situation

1. Political

Following the advent of universal suffrage in 1944, Jamaica's political life has polarized around two major parties -- the incumbent Jamaica Labor Party (JLP) and the Peoples National Party (PNP). They have much in common: each

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has controlled the Government, each is dominated by a strong-willed leader (Sir Alexander Bustamante of the JLP and Norman Manley of the PNP) and each is based on a nation-wide trade union organization.

Other political groups reflecting special interests or extremist views have so far attracted little support and have no representation in the legislature. There is no Communist party and front organizations are relatively weak.

The major problem confronting the government at present is a disturbingly high level of unemployment estimated at between 15 and 20 per cent of the labor force. The rate is even higher among urban youth where one-quarter to one-third cannot find jobs. The frustration and bitterness arising from unemployment are augmented by uneven economic development and the visibly unequal distribution of wealth.

Dissident elements are at present poorly organized. The main group is the Rastafarians consisting of several loosely joined sects -- estimated to number about 12,000 -- dedicated to Negro superiority and professing the idea of returning to Africa. They form a potentially explosive group vulnerable to exploitation by any elements which might wish to precipitate violence against the government.

Other dissident organizations are the Socialist Party of Jamaica and the Unemployed Workers Council -- Communist front organizations with a small membership of less than 200 each. The UWC, however, probably could attract the support of substantial numbers of jobless workers.

The Bustamante government since it assumed power in April 1962 has made little progress in restoring the nation's economic momentum or in alleviating the social and political pressures arising from unemployment. The broad outlines of the JLP program have only recently been announced; and, the

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government's revised national economic development plan which will specify how the program is to be achieved will not be ready for cabinet consideration until later this summer.

At the same time, the opposition PNP has confined itself to the role of political critic and obstructionist and done little to spur the government into action by recommending specific policy lines.

2. Economic

With 1.7 million inhabitants in an area of 4,410 square miles Jamaica is one of the more densely populated nations in the Western Hemisphere. Until recently it has also recorded one of the highest rates of economic growth. During the period 1953-57 real gross national product rose by an average of almost 10 per cent per annum with the average annual per capita increase ranging around eight per cent. Since 1957, however, the rate of growth has dropped sharply averaging slightly over three per cent annually during 1958-61. With the population increasing almost two per cent per annum the average yearly rise in per capita GNP during this period was only a little more than one per cent. Provisional figures for 1962 reflect an increase in GNP at current prices of only about 2.4 per cent.

Much of the impetus to Jamaica's extremely rapid development prior to 1957 came from large American and Canadian investments in the bauxite industry combined with both foreign and local investment in hotels and other facilities for the booming tourist trade. These developments were accompanied by notable changes in the structure of the island's economy.

The mining sector was insignificant prior to 1953. Due to heavy investment in bauxite industry during the mid-1950's, however, mining since 1957 has accounted for nine per cent of the nation's gross domestic

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product. Bauxite and alumina together now provide 50 per cent of Jamaica's total export value, 20 per cent of the government's tax receipts and well paid employment for about 5,000 persons. The industry still continues to grow but at a much slower pace.

At the same time that the mining sector expanded, the share of total domestic output contributed by agriculture declined from 21 per cent in 1953 to 13 per cent in the period since 1957. Agriculture is more important than these figures suggest, however, since nearly one million persons out of the total population of 1.7 million live on farms. The agricultural sector also accounts for about 12 per cent of total exports.

The product of the banking, insurance, and real estate sector almost doubled during the 1953 - 57 period from less than three per cent to five per cent of the total in response to a higher level of economic activity and the expanding tourist industry. Tourism now provides employment for an estimated 11,000 persons and foreign exchange earnings of \$34 - 38 million. For the past two years, however, tourism has tended to decline. In 1962 the number of visitors was almost eight per cent less than in 1961.

Manufacturing, based largely on processing of agricultural raw materials, has accounted for 13 - 14 per cent of Jamaica's gross domestic product throughout the 1953 - 61 period. There is some small manufacturing or assembling for the local market in such fields as clothing, footwear, and building materials. Under industrial incentive laws Jamaica since 1952 has managed to encourage establishment of firms which at the end of 1961 gave employment to about 5,000 workers. A majority of these workers were in American owned firms producing cotton textiles for the United States market.

During 1957 - 61 Jamaica has incurred a substantial current account deficit in its balance of payments, the cumulative total amounting to \$152 million

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or an average of \$30 million per year. The deficit dropped from 33 million in 1960 to \$12 million in 1961 due mainly to a decline in the normally adverse trade balance. Preliminary figures for 1962, however, reflect an increase in the deficit to \$17 million as a result of lower earnings from tourism and some deterioration in visible trade. These deficits have been financed through direct private investment, government borrowing, and an inflow of short-term money through banks and consumer credit companies.

1962

At the end of Jamaica's foreign exchange assets totalled roughly \$95 million compared to \$87 million in 1961. These figures, however, are not a direct measure of the country's capacity to finance balance of payments deficits due to the operation of the sterling exchange standard under which commercial banks look primarily to their head offices in other countries rather than the Bank of Jamaica for liquidity in sterling.

Jamaica's record of self-help is good. Developmental planning and budgeting are long-established techniques. Jamaican business invests in Jamaica and the government has done well in mobilizing domestic capital through bond issues and an effective tax system. Both political parties have cooperated in maintaining an attractive climate for foreign investment and a reputation for fiscal responsibility.

3. Foreign Policy

Prime Minister Bustamante, who is also Minister of External Affairs, has defined Jamaica's foreign policy as anti-Communist and pro-Western. He has not elaborated on this simple formula.

Jamaica has not exchanged diplomatic missions with any Communist bloc country although it does permit a Cuban consulate, established prior to independence, to continue to operate in Kingston primarily because of concern over the welfare of the roughly 20,000 Jamaicans living in Cuba.

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Aware that the United Kingdom is no longer willing to assume major economic or military commitments in the Caribbean, Jamaica has tended increasingly to turn to the United States. During the Cuban crisis, Prime Minister Bustamante publicly endorsed the steps announced by the President to force removal of Soviet offensive weapons. At the same time, he granted permission for United States ships and aircraft to utilize Jamaican ports and air fields. Bustamante has also cooperated by rejecting requests for air travel to or from Cuba via Jamaica. The United States in turn has given unpublicized oral assurances that it will come to Jamaica's aid in the event of enemy attack and has also agreed to provide a one-time package of military equipment to increase the Jamaican Defense Force's capability for surveillance of the island's coast, 90 miles from Cuba.

Independent for less than one year, Jamaica is attempting to establish its position in the international community and at the same time cope with difficult problems of economic development. As a result, Jamaican government officials tend to be jittery if not panicky. Unfortunately, the United States has added to their sense of unease during recent months through the following negative actions:

(a) Equivocal replies to the Jamaican Government's request for amendment of the United States immigration laws to accord Jamaica (and Trinidad) the same nonquota status enjoyed by all of the other independent nations of the Western Hemisphere;

(b) Imposition of restraints on three categories of Jamaican cotton textile exports to the United States and a request for restraints on two additional categories;

(c) Inability so far to respond to Jamaica's request for continuation of the program under which the United States has bartered agricultural surpluses

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for haven since 1955;

(d) Denial of a request from the Prime Minister for a \$25 million loan for development projects which the Jamaican Government considered essential to the country's reasonable progress.

(e) Refusal to grant a waiver of United States procurement to permit the pipe required for an AID financed water resource project to be purchased in Mexico at a saving of about 41 per cent;

(f) Denial of an application for an agricultural credit loan; and

(g) Slow progress in efforts to secure Jamaica's admission in the Organization of American States.

In addition, confidential portions of the Clay report recommend that AID assistance be phased out completely in Jamaica (as well as Trinidad) while continuing it in Latin America.

Taken as a whole, these events indicate a trend which if unchecked could have an unhealthy impact on the present good political relations between the two countries. To the Jamaicans it would appear that despite their close alignment with the United States and the West and despite their excellent record of self-help and responsible government the United States proposed to deny them both aid and trade.

C. Objectives

1. Retention under favorable conditions of the right of United States military vessels and aircraft to utilize Jamaican ports and air fields.

2. Maintenance of politically stable democratic government friendly to the United States.

3. Integration of Jamaica into the political and economic institutions of the Western Hemisphere and meanwhile cooperation in matters connected with Cuba.

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4. Monitor the situation in the Caribbean and its role in the region.

5. Support the Government in maintaining an adequate rate of economic growth as a basis for continued social progress and political stability.

6. Encourage the Jamaican Defense Force to remain a pro-Western oriented, apolitical force in support of the democratic constitutional government.

D. Lines of Action

Participation in the OAS

1. Take all possible steps within the Organization of American States to establish procedures for the admission of new members which will permit Jamaica to join as soon as possible. (Action: State)

Participation in the Alliance for Progress

Facilitate without delay Jamaica's full participation in the Alliance for Progress as soon as it becomes a member of the OAS, including access to all sources of Alliance financing under the terms and conditions that are applied to the other countries of the Hemisphere. In the meantime, apply Alliance criteria to the greatest extent practicable in United States bilateral relations with Jamaica. (Action: AID, State, USIA)

Amendment of U.S. Immigration Laws

Press for amendment of the U.S. Immigration and Nationality Act to accord Jamaica (as well as Trinidad and Tobago) the same nonquota status that is enjoyed by the other independent nations of the Western Hemisphere. (Action: State)

Relief

(a) Expedite delivery of the military equipment requested by Jamaica to strengthen its coastal surveillance capability. (Action: Defense, AID, State)

(b) Maintain liaison with the officials of the Jamaican Defense Force and provide advice and assistance as may be requested and appropriate. (Action: Defense, State, AID)

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5. Foreign Policy

Leading into the OAS and consistent with our security requirements and diplomatic practice insofar as possible treat the Government of Jamaica as if it were a member of the OAS and consult Jamaica in advance of all United States policy developments affecting Latin America and the Caribbean. Insofar as possible, accord Jamaica the same treatment we accord Latin American countries with respect to matters pending before the United Nations.

6. Bauxite-Barter Program

In view of (a) Jamaica's serious unemployment problem; (b) the importance of bauxite in the Jamaican economy; and (c) the fact that the barter program has been in effect since 1955 and that it therefore would be particularly inappropriate to terminate it abruptly during Jamaica's first year of independence, recommend to the responsible United States authorities that the program be continued for an additional year and that at the same time the Jamaicans be notified that no further extensions can be expected unless justified on the basis of United States stockpile requirements. (Action: State, AID)

7. Restraints on Jamaican Cotton Textile Exports

Recommend to the Inter-Agency Textile Advisory Committee that restraints imposed on Jamaica's cotton textile exports be set at as high a level as possible, taking into account the necessity of maintaining a reasonable degree of consistency with restraint actions requested in the case of other countries. (Action: State, AID)

8. Internal Security

Continue the close relationships maintained with Jamaican security officials [REDACTED]

[REDACTED]
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9. Economic Development Planning

Encourage the Jamaican Government to accelerate formulation of its long-term development plan and to include national goals that are compatible with Alliance for Progress criteria. Further, encourage the Government to submit the plan when completed to the IBRD for review. (Action: AID, State, Country Team)

10. Technical Assistance

Give sympathetic consideration to Jamaican requests for technical assistance in such key fields as education, agricultural and industrial development, transportation and labor relations. Offer to assist the Government of Jamaica in the preparation of feasibility studies for economic development projects. (Action: AID, State, Country Team).

11. Private Investment

Support the Government's efforts to attract foreign private investment. Promote where appropriate joint ventures involving United States and Jamaican capital for investment in productive industrial or agricultural enterprise. (Action: AID, Commerce, State)

12. Public Affairs

Encourage the Government of Jamaica and the people of this newly independent nation to continue a policy of alignment with the West, strengthening their support for and belief in the democratic free enterprise system as the most logical base for economic progress and social justice. (Action: USA, State, Defense, AID, Country Team).

13. Relations with the United Kingdom

Encourage the United Kingdom to continue its interest in Jamaica, including the economic or financial fields, and Jamaica to turn to the United Kingdom for private and public financing to the maximum extent possible. (Action: AID, State)

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11. Labor Programs

Through such techniques as leader grants, technical assistance and worker education programs assist the leadership of the Jamaican labor movement to better understand labor economics and the legitimate rights and obligations of a free labor movement. (Action: AID, State, USIA, Country Team)

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